

2015 Spring Auditor Conference

Settlement Department

Auditor of the State

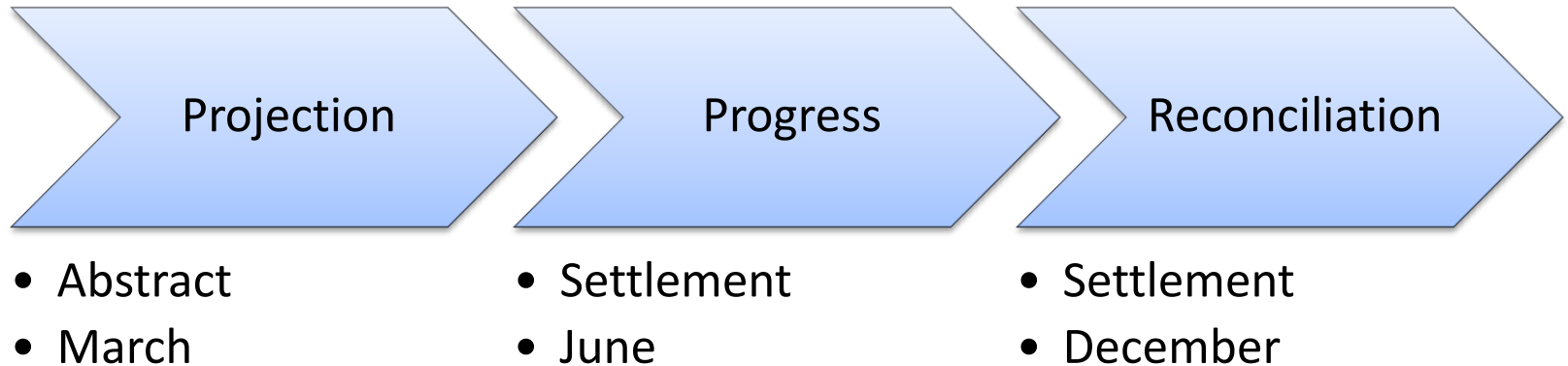
May 20, 2015

Settlements@auditor.in.gov

Abstract Timeline

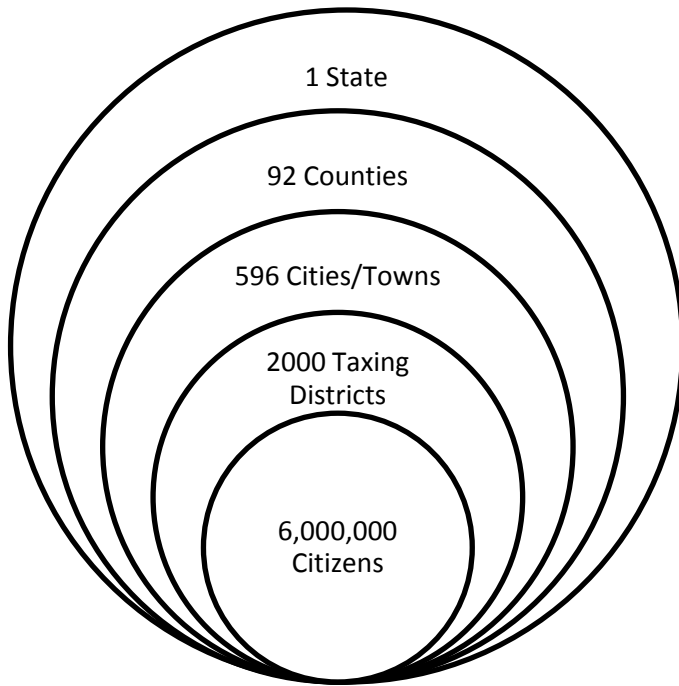
RYAN PETTER
SETTLEMENT SPECIALIST

Introduction



We collect, review, and print three reports annually: the Abstract, the June Settlement Form 105, and the December Settlement Form 105. These forms are records of taxes that will be charged, collected, and distributed each year.

Introduction



**6 MILLION
HOOSIERS**

\$400 BILLION

\$7 BILLION

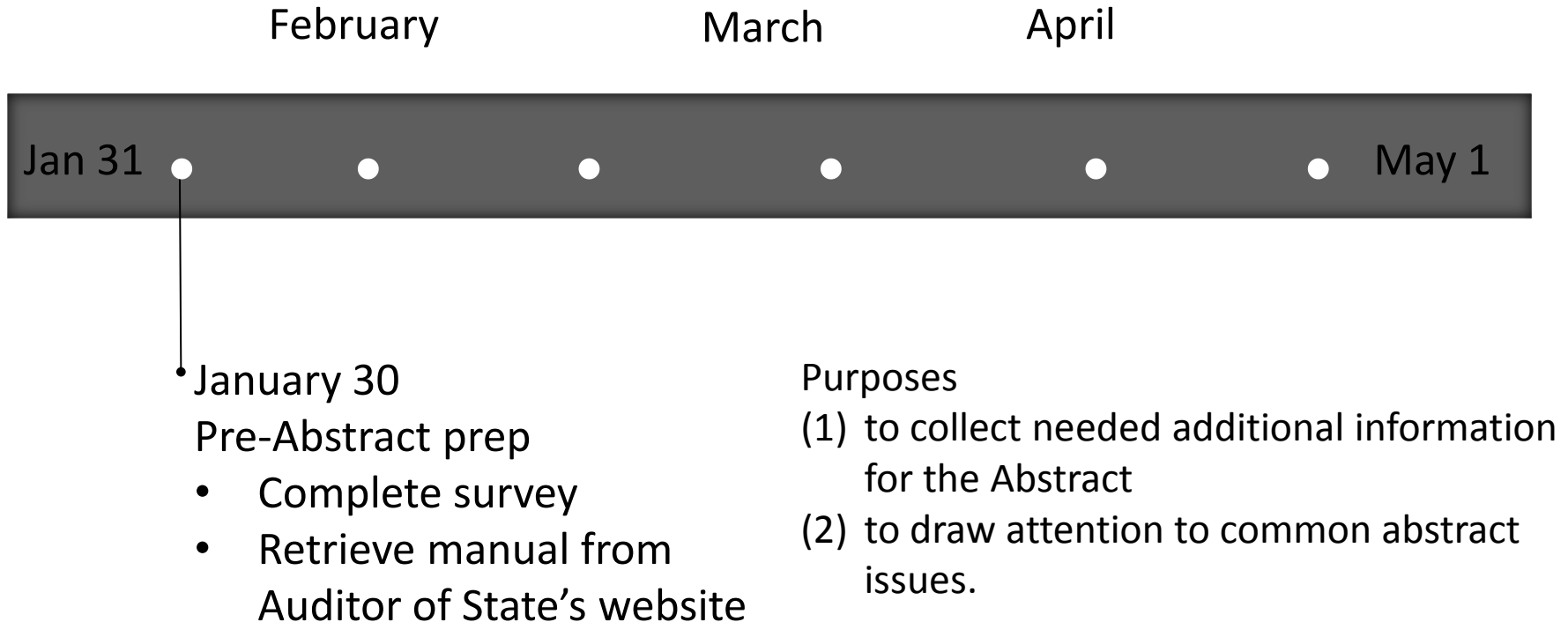
- Our work impact the lives of over 6,000,000 citizens
- Total value of Assessed Value in Indiana in 2014: over \$400 billion
- Total Property Taxes shown on the Abstract in 2014: over \$7 billion

Goal

- Accurate, compliant reports of property values and taxes charged
 1. Revenue projection
 2. Policy decisions
 3. Taxpayer trust

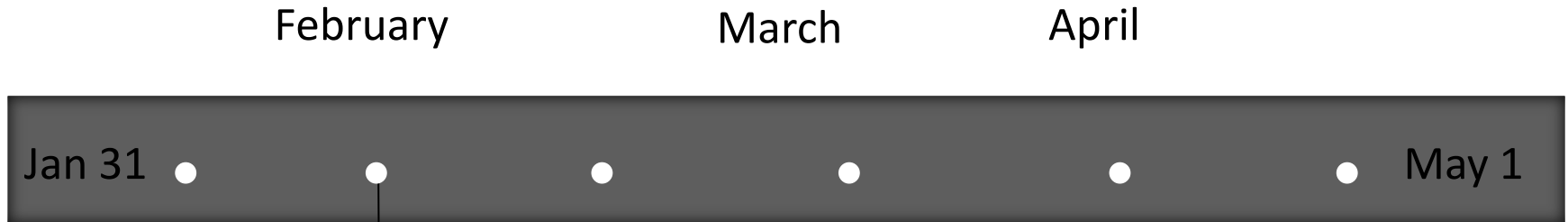


Timeline



See the “Pre-Abstract Survey” section of the handout

Timeline



- Early February

58 of 92 counties had at least one LOIT.

If LOITs are not in your county, skip this step.

1. Receive credit worksheets from AOS
2. Complete and return credit worksheets
3. Respond to any follow-up questions from AOS

See the “Credit Worksheets” section of the handout

See the “LOIT Master List” section of the handout

Timeline

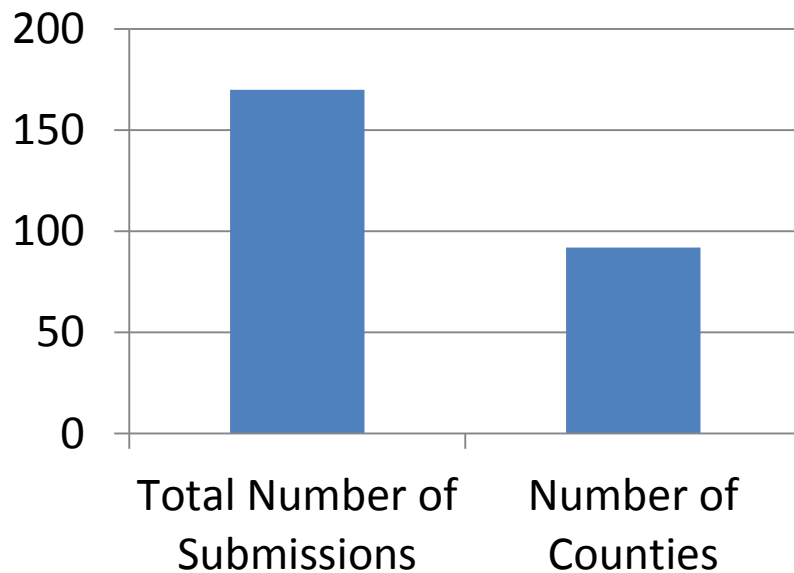
February

March

April

Jan 31

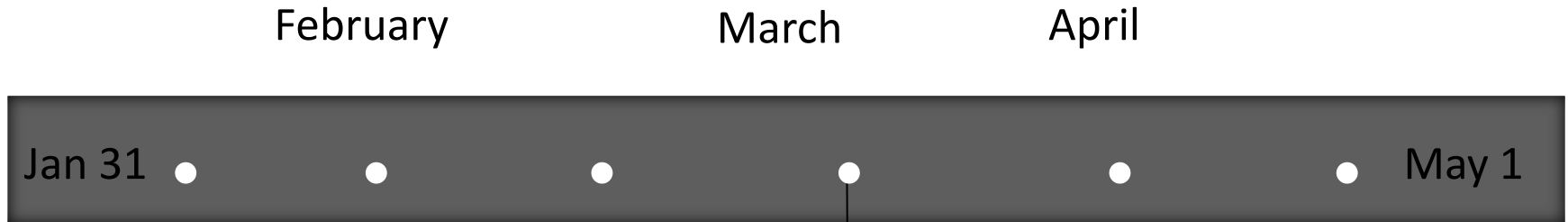
May 1



• Late February to Early March
Submit Abstract

1. Receive Abstract from AOS
2. Complete Abstract
3. Use Abstract County Checklist to verify Abstract is correct

Timeline



- Mid-March
Finalize Abstract
1. Abstracts are due March 15
 2. 19 counties with TIF Post 09 Referendum fund adjustments
 3. 10 counties with TIF Special District Fire fund adjustments
 4. Notice of Pre-approval

See the “Abstract review” section of the handout

Auditor of State Review

- Goals:
 - Confirm data entry
 - Understand changes in assessed values
 - Standardize statewide reporting

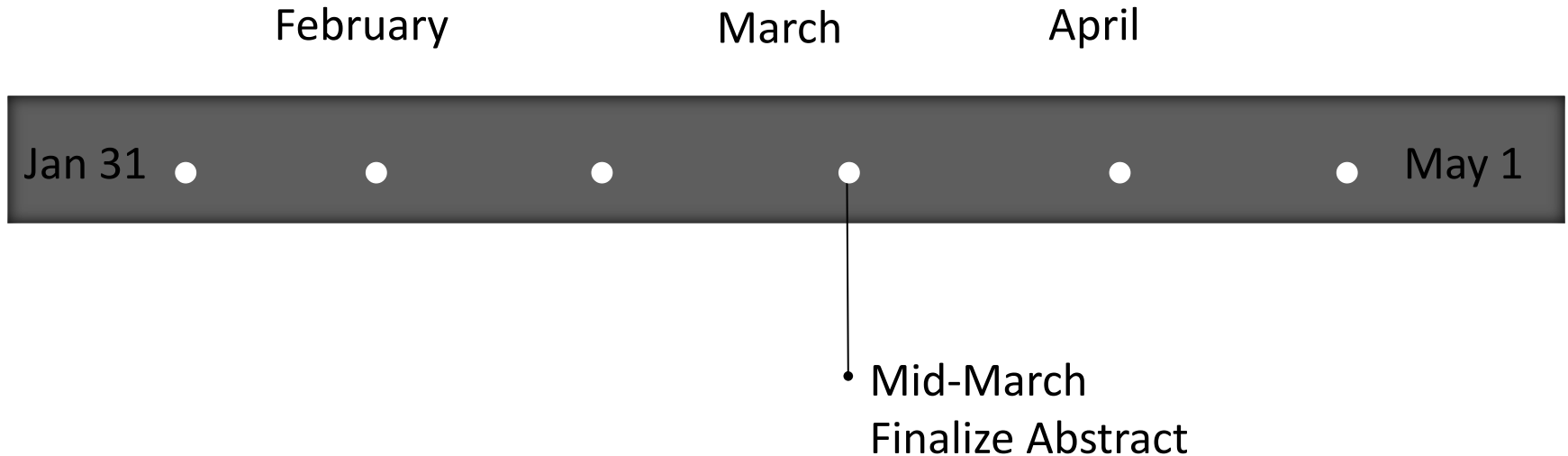


Auditor of State Review

- Methods:
 - Data comparisons
 - Credit worksheets
 - TIF rates
 - Variance analysis
 - 20% threshold
 - Identify potential errors
 - Not incorrect, just unusual
 - Email explanations
 - Must answer “why”



Timeline



See the “Abstract review” section of the handout

Timeline

February

March

April

Jan 31

May 1

1. Receive CB Report from AOS
2. Review CB reports for taxing district names and DLGF certified rates
3. Receive CB Adjusted Abstract

Early April
Circuit Breakers

See the “Circuit Breaker” section of the handout

Circuit Breakers

No Circuit Breaker
Distribution Adjustments
for Taxing Districts
004, 005, or 006

Section 5 Columns 2 - 4

Not included in CB
distribution calculations

DLGF TAXING DISTRICT CODES	SECTIONS 2 THROUGH 4 TOTAL	Section 5 Columns 2 - 4			SECTION 5 OVER 65 CIRCUIT BREAKER CREDIT
		SECTION 5 2 HOMESTEAD PROPERTY CIRCUIT BREAKER CREDIT	SECTION 5 3 NON-HOMESTEAD RESIDENTIAL AND AGRICULTURAL LAND PROPERTY CIRCUIT BREAKER CREDIT	SECTION 5 4 OTHER REAL AND PERSONAL PROPERTY CIRCUIT BREAKER CREDIT	
001	1,271,249.94	0.00	5.00	0.00	264.66
003	617,726.09	0.00	0.00	157,758.96	493.78
004	1,406,402.19	0.00	0.00	0.00	332.76
005	829,439.91	0.00	0.00	0.00	0.00
006	936,711.12	0.00	0.00	0.00	0.00
007	(2,261,413.86)	392,143.02	8,423.68	2,197,829.13	527.74
008	201,997.75	675,856.66	0.00	23,643.09	366.86

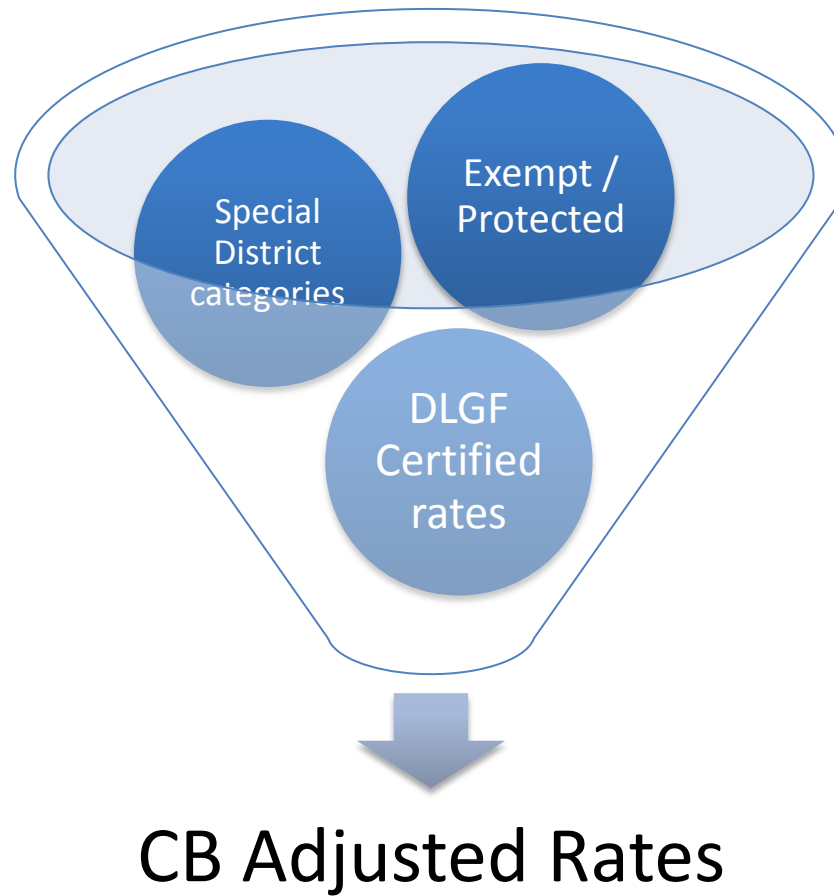
Circuit Breakers

DLGF TAXING DISTRICT CODES	Circuit Breaker Distribution Rate will not be different from Original Distribution Rate				
	SECTION 5 1	SECTION 5 2			SECTION 5 5
	SECTIONS 2 THROUGH 4 TOTAL	HOMESTEAD PROPERTY CIRCUIT BREAKER CREDIT	AGRICULTURAL LAND PROPERTY CIRCUIT BREAKER CREDIT	PROPERTY CIRCUIT BREAKER CREDIT	OVER 65 CIRCUIT BREAKER CREDIT
001	1,271,249.94	0.00	5.00	0.00	264.66
003	617,726.09	0.00	0.00	157,758.96	493.78
004	1,406,402.19	0.00	0.00	0.00	332.76
005	829,439.91	0.00	0.00	0.00	0.00
006	936,711.12	0.00	0.00	0.00	0.00
007	(2,261,413.86)	392,143.02	8,423.68	2,197,829.13	527.74
008	201,997.75	675,856.66	0.00	23,643.09	366.86

Circuit Breaker Report

Example County 2014 Pay 2015	DLGF Fund Codes from			DLGF Certified	Circuit Breaker	DLGF Certified	Circuit Breaker
	Abstract	Exempt	Protected	Rates from	Adjusted	Rates from	Adjusted
				Abstract	Distribution	Abstract	Distribution
					Rates		Rates
				Township A		Township A	
				001		002	
GENERAL	10101	N	N	0.4756	0.4753	0.4602	0.4596
2015 REASSESS	10124	N	N	0.0224	0.0224	0.007	0.007
BOND #2	10182	N	Y	0.0531	0.0534	0.0377	0.0383
CO. MAJOR BRIDG	10792	N	N	0.0313	0.0313	0.0159	0.0159
HEALTH	10801	N	N	0.0367	0.0367	0.0213	0.0213
CCD	12391	N	N	0.039	0.039	0.0236	0.0236
TOTAL COUNTY TAXES				0.5661	1.1549	0.5507	0.5657
GENERAL	20101	N	N	0.0328	0.0328	0.0174	0.0174
L/R PAYMENT	20283	N	Y	0.0184	0.0184	0.003	0.003
TWP ASSISTANCE	20840	N	N	0.0533	0.0533	0.0379	0.0379

Circuit Breakers



Circuit Breaker Adjusted Rate

$$= (\tilde{P} - \tilde{\rho} + \tilde{\Delta}) * \frac{\Delta}{\tilde{\Delta}} + \varepsilon + \rho$$

*This equation does not include negative rate or special district fund category adjustments.

P = Protected fund rate

\tilde{P} = Sector subtotal of P

$$\rho = \frac{\text{Protected fund rate}}{\text{Referendum fund rate factor}}$$

$\tilde{\rho}$ = Sector subtotal of ρ

$$\varepsilon = \frac{\text{Exempt fund rate}}{\text{Referendum fund rate factor}}$$

Δ = Funds that are neither protected nor exempt

$\tilde{\Delta}$ = Sector subtotal of Δ

$$\text{Referendum fund rate factor} = 1 - \frac{\text{Total CB Credit Not Including Over 65 CB Credit}}{\text{Total Net Taxable Assessed Value} * \text{Approved Tax Rate} - \text{Over 65 CB Credit}}$$

Circuit Breaker Report

Example County 2014 Pay 2015	DLGF Fund Codes from Abstract			DLGF Certified Rates from Abstract		Circuit Breaker Adjusted Distribution Rates	DLGF Certified Rates from Abstract		Circuit Breaker Adjusted Distribution Rates
	Exempt	Protected							
					Township A 001		Township A 002		
GENERAL	10101	N	N		0.4756	0.4753	0.4602	0.4596	
2015 REASSESS	10124	N	N		0.0224	0.0224	0.007	0.007	
BOND #2	10182	N	Y		0.0531	0.0534	0.0377	0.0383	
CO. MAJOR BRIDG	10792	N	N		0.0313	0.0313	0.0159	0.0159	
HEALTH	10801	N	N		0.0367	0.0367	0.0213	0.0213	
CCD	12391	N	N		0.039	0.039	0.0236	0.0236	
TOTAL COUNTY TAXES					0.5661	1.1549	0.5507	0.5657	
GENERAL	20101	N	N		0.0328	0.0328	0.0174	0.0174	
L/R PAYMENT	20283	N	Y		0.0184	0.0184	0.003	0.003	
TWP ASSISTANCE	20840	N	N		0.0533	0.0533	0.0379	0.0379	

Fund names

Taxing district rates

Timeline

February

March

April

Jan 31

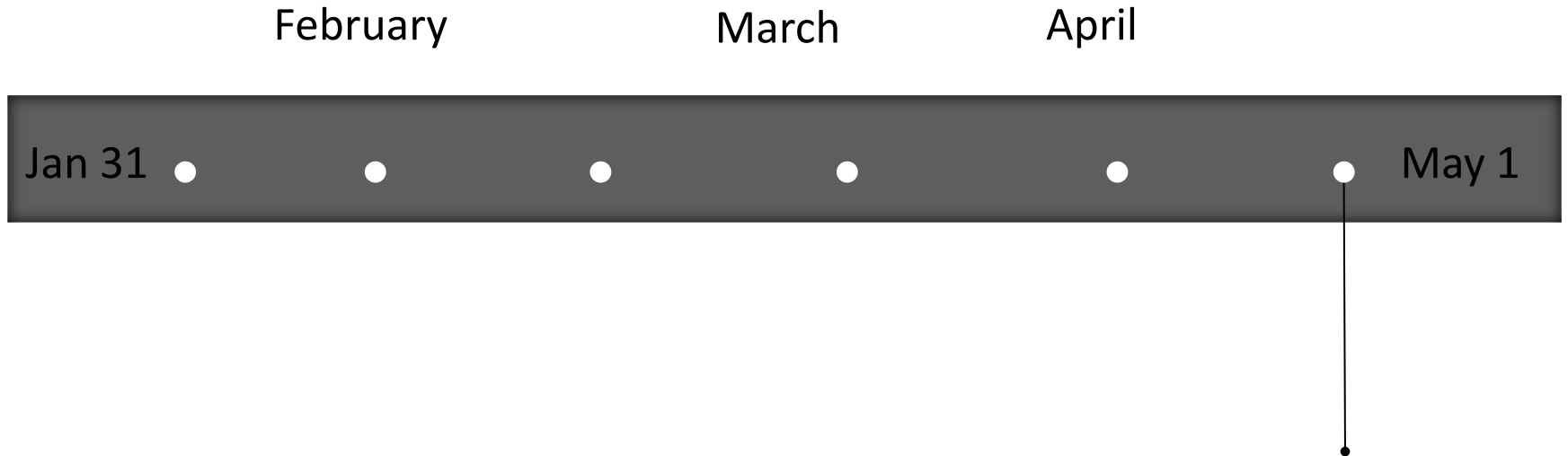
May 1

1. Receive CB Report from AOS
2. Review CB reports for taxing district names and DLGF certified rates
3. Receive CB Adjusted Abstract

Early April
Circuit Breakers

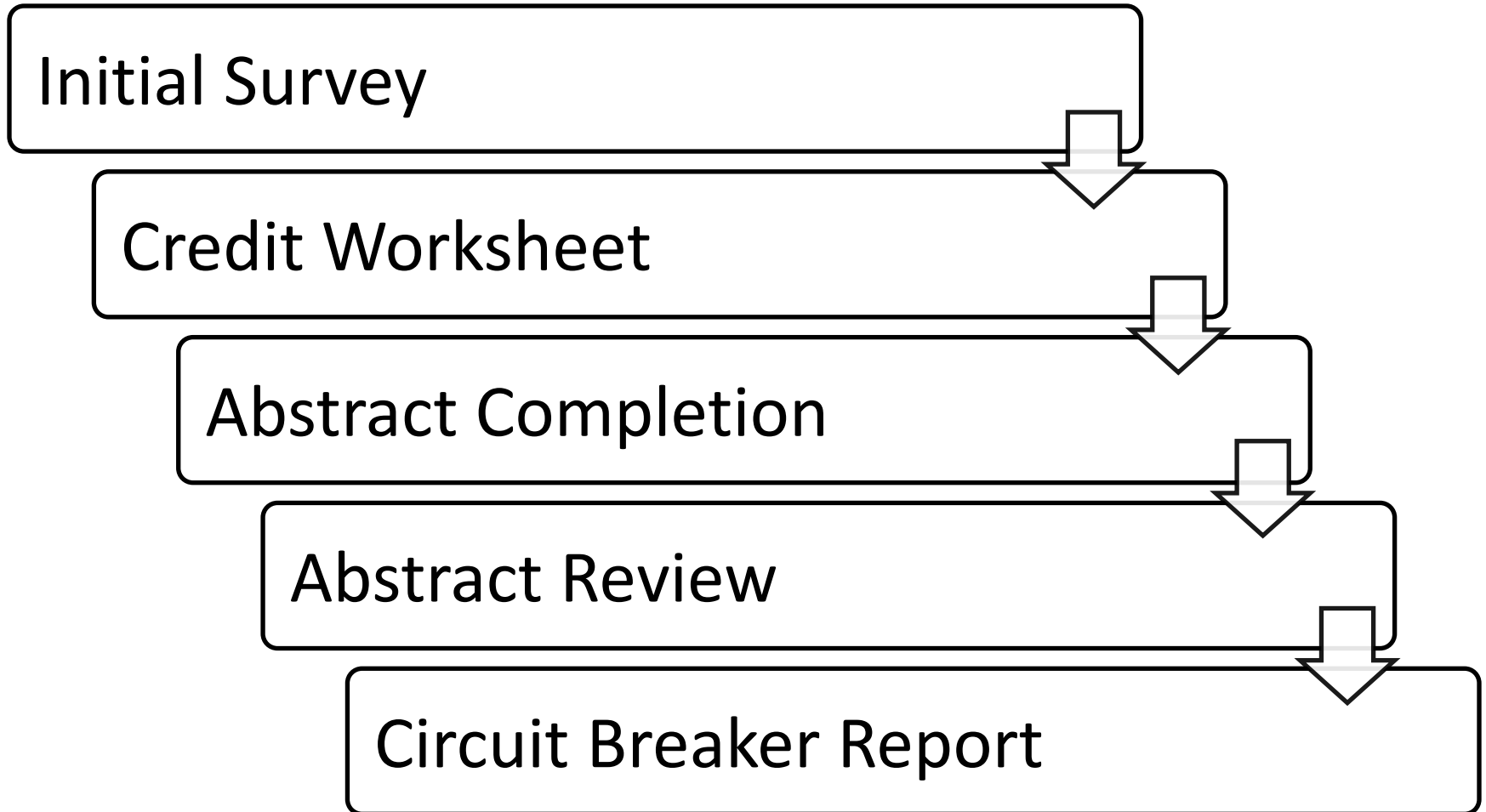
See the “Circuit Breaker” section of the handout

Timeline



1. Receive DLGF and LSA Compliance report
2. Receive printed CB Adjusted Abstract

Abstract Review



Settlement and Abstract Manual Updates

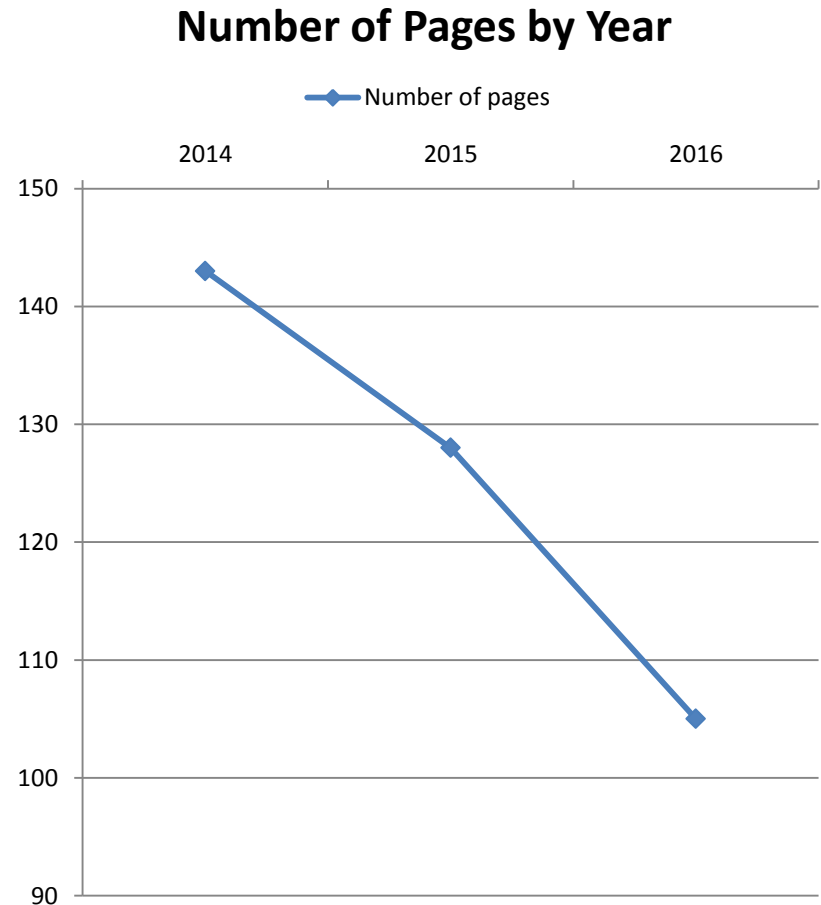
JOE JACOBY
SETTLEMENT SPECIALIST

Manual update goals

- The 2015 June and December Settlement Manuals as well as the 2016 Abstract Manual are being updated to a new format
- All Manuals will have the same interface and feel
- Manuals are designed to be used completely digitally
 - Every page contains a link back to the table of contents
 - Example [Return to Table of Contents:](#)
- Manuals are now shorter if the user prefers a printed version

2016 Abstract Manual

- The Abstract Manual is hyperlinked to itself and IN.gov content
- The Abstract Manual has been shortened to 105 pages
- The 2016 Abstract Manual is online and ready for review
- “Section V” will be incorporated into the rest of the manual.



2015 June Settlement Manual

- The new Manual is similar in content, but updated in its format and navigation
 - The document is hyperlinked, both within itself, and to external content hosted on www.IN.gov
- The 2015 June Settlement Manual is posted at :
 - <http://in.gov/auditor/2534.htm>
 - Or www.IN.gov/Auditor > Departments > Settlements> Settlement Instructions.
- Both Manuals will continue to evolve as we receive feedback

Abstract and Settlement Checklist Updates

2016 Abstract Checklist	2015 June Settlement Checklist
One page as before	Down to 3 pages from 7
Down to 11 checks from 13	Down to 45 checks from 85

- The Checklists are optimized for digital use, but are also formatted to be printed
- The Checklists are a reflection of commonly occurring errors seen during our review
 - All information removed from Checklists exist in the manuals
 - The check in each Checklist have, and will continue to evolve based upon the commonly occurring errors in submissions.
- Submission of completed Checklists is required for both Settlement and Abstract approval
 - Completion of the Checklist does not guarantee approval, however a submission without the checklist items completed will need to be reviewed and re-submitted.

2016 Abstract Checklist

	A	B	C	D	E	F	G	H	I	J
1	Abstract Completion Checklist									
2	(Prior to filing with Auditor of State)									
3	County		Your county here		Completed By:		Your name here			
4										
5										
6	1	Complete	The abstract is to be prepared as soon as the tax duplicates are completed, but not before.							
7										
8	2	Complete	Government owned parcels are not included on the abstract							
9										
10	3	Complete	Section 1, TIF Columns 17 & 28 Grand Total Line equals zero							
11										
12	4	Complete	Section 1, TIF Columns 17 & 28. Check Taxing district and TIF values against last year's abstract. Prepare explanations for variations greater than							
13										
14	5	Complete	Section 1, Column 32 - Net HSC Value for COIT, CEDIT & LOIT HSC, if applicable							
15										
16										
17	6	N/A	Section 1, Column 33 - Net Residential Value for CEDIT and/or LOIT Residential Property Tax Credit, if applicable.							
18										
19										
20	7	Complete	Section 4, TIF Tax Rates entered							
21										
22	8	Complete	Section 5, Columns 10 through 15 - Verify credits rates and amounts are entered for Taxing districts and TIF district							
23										
24										
25	9	Complete	Section 5, Columns 18 through 21 all delinquent taxes and penalties are entered and balanced with the previous years December Settlement							
26										
27	10	Complete	Section 5, Review differences and rounding differences							
28										
29	11	Complete	Verify Grand Totals of all columns in Section 1 and 5 agree with your system abstract, Section 1 and 5 Reports							
30										
31	Please complete and submit this above checklist when submitting your completed abstract to the Auditor of State's Office.									
32										

Checklist		Explanations
Ready		

ACH Remittance to AOS

- The Settlement Department added ACH as a payment option in 2011
- Electronic payments
 - Automated Clearing House (ACH)
 - Wire Fund Transfers (EFT)
- In CY 2014, we received over 1100 payments, only 147 were ACH
 - This represents less than 14% of payments received
- Our survey revealed that 24 County auditors believe they are remitting via ACH. In CY14, 27 counties made at least one payment electronically.
- 33 county's Auditor and Treasurer did not respond in agreement regarding their use of ACH transfers.

ACH Transfer Advantages

- The advantages of remitting funds via ACH are many, but the highlights include:
 - Faster
 - ACH cannot be lost in the mail.
 - More expedient approval of settlement
 - More secure than mailing via USPS.
 - Electronic transfers are less costly than certified and/or overnight mailing .
 - ACH Provides a clean audit trail for both parties
 - All remittances to AOS can be included on a single ACH (with supporting breakdown)
 - Supporting documentation can be scanned and emailed as an attachment to Settlements@auditor.in.gov when notification is sent.

Additional Topics

EFT Notifications

There are currently 90,000 individuals, corporations, and municipal entities that receive payments from the State of Indiana. EFT notifications are distributed to these vendors from two different email accounts. On June 1, all EFT notifications will be distributed from the following email address: inauditorofstatepayables@auditor.in.gov.

- This is a change to the email address, but there will be no changes made to the actual EFT notification.
- There have been no changes made to your banking information or EFT notification email listings.
- All individuals making currently receiving these EFTs will continue to receive them after the update.

Additional Topics

Printing Parameters

In 2015, the Settlement Department outsourced its Abstract, June Settlement, and December Settlement printing and mailing responsibilities to a local print shop. Instead of printing and mailing the documents individually, we will provide a single file with all county information to the print shop and they will print and mail the information in one large batch.

- The Settlement Department has distributed electronic versions of the Abstracts, including any Post 09, TIF/FIRE, and Circuit Breaker (CB) adjustments to each county. At your offices, you should have an electronic version of the abstract that we will be printing and mailing.
- The printing triggers are unchanged.
 - Abstracts must be approved by AOS and a compliant order must be issued by DLGF.
 - To date, we have received the compliance notices for 17 out of 92 abstracts.
 - June and December Settlements must be in 'approved' status, which will not occur until the forms have been approved and the State has received all monies due to it.
- The envelopes that will be distributed will be unchanged.
 - For the abstracts you will receive one abstract, two abstract coversheets and a memo containing the return mailing information. Sign and date both coversheets. Keep one for your records, and return the other to our office.
 - For the Settlements, you will received two copies of the 105 form. Sign and date both forms. Keep one for your records, and return the other to our office.

Additional Topics

Semi Annual Distributions

So far in 2015, the Settlement Department has distributed monies to various local municipal entities. Over the next few months, there will be a handful distributions that we will be processing for the first time in six months or twelve months. Although memos will be included with these distributions, I wanted to give you a heads up of distributions on the horizon. Additional information can be found on the State Auditor's [website](#).

- Financial Institution Tax (FIT)
 - http://www.in.gov/auditor/files/December_2014_-_June_2015_FIT_Distribution_Amounts.pdf
 - Distribution Date: June 1
- MVH #1 & MVH #2
 - http://www.in.gov/auditor/files/MVH_LRS_MVH_1_MVH_2_CIG_TAX_and_ABC_Gallonage.pdf
 - Distribution Date: July 1 and August 1
- \$33M Wagering Distribution
 - http://www.in.gov/auditor/files/2014_Riverboat_Wagering_Tax_Revenue_Sharing_Amounts.pdf
 - Distribution Date: Approximately August 1
- Covered Bridge
 - Distribution Date: August 15

Additional Topics

June Settlement

With the abstract process behind us, the next task on the calendar is the Spring/June Settlement. This refers to the process of distributing property and excise taxes to the various taxing units in the county. The June Settlement begins with the County Treasurer certifying to the County Auditor the property and excise tax collections.

- AOS has posted the current versions of all Settlement forms, the new June Settlement manual, and new June checklist into your county folders on the BMV's FTP site.
 - We encourage each county to review the forms, manual and checklist before the Settlement process officially kicks off.
- The forms are separated between the Auditor and Treasurer folders.
 - The 49TC will be populated by information from both the County Auditor and County Treasurer. The file appears in the Treasurer's folder because they complete their section before sending it to the County Auditor.
- Many of the forms that will be submitted in June are interconnected.
 - Our review traces the reported amounts across several spreadsheets. We aren't able to confirm standalone spreadsheet without receiving all prerequisite and subsequent spreadsheets.

Additional Topics

June Settlement

On May 21, 2014, the first June Settlement was submitted to the Auditor's office. This Settlement was a preapproved later that day. On November 21, 2014, the first December Settlement was submitted to the Auditor's office. Each county was able to submit so early due to a combination of pre-Settlement planning, experience, and excise cut off date selection.

- For the June and December Settlements, many counties use an excise cut off date of April 30 and October 31.
 - There is nothing wrong with either of these dates, but it does effect how early the Settlement calculations can actually begin.
- The excise cut off selection can have a significant effect on the timing of Settlement.
 - With the lag time between the transaction date and deposit/report dates, each county should consider the advantages and disadvantages to using the earlier cutoff dates for the June and December Settlement of March 31 and September 30, respectively.

Additional Topics

June Settlement

	Calendar Year	Excise Date Range	Distribution Date*
1	2014	April 1 – April 30	May 29, 2014
1	2014	Oct 1 – Oct 31	Dec 1, 2014
2	2014	March 1 – March 30	May 9, 2014
2	2014	Sept 1 – Sept 30	Oct 28, 2014
3	2015	March 1 – March 30	April 23, 2015
3	2015	April 1 – April 30	Unknown

The Distribution Dates will vary from period to period and year to year based on when the BMV makes the information available. The dates listed represent the day in which the BMV posted the excise information, and the Auditor's office calculated and the distributed the county the excise information provided by the BMV. The actual payments were likely not received at the county for another few business days.

Additional Topics

Judges Supplemental Timetable

In 2015, there are 58 counties electing to supplement the wages of 236 judges under IC 36-2-5-14 or IC 36-3-6-3(c). The total value of the 2015 supplement is \$1,112,335. Although neither IC code above establish a payment timeline, under IC 4-7-1-7 our office has requested quarterly payments by February 1, May 1, August 1, and November 1 each year. As of May 11, we are already \$80,000 behind schedule for 2015.

- The ultimate goal is to be reimbursed from the counties for the full amount of the Judges Supplemental wages within the calendar year in which the State made the payment.
- Although not required, the best practice is to simply remit the full year's supplemental amount in a single payment.
- We are evaluating methods for collecting these delinquent payments.
- This year, we will be linking both June and December Settlement final approval to all pending balances including Judges Supplemental.
- For Cy 2016, we are currently evaluating other methods for collecting these supplements in a timely manner.

Contact Information

State Auditor Website:	www.in.gov/auditor
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